

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1144 - SB 1129

March 21, 2015

SUMMARY OF BILL: Declares that water companies can provide information to water and waste water treatment authorities to locate persons or collect delinquent debts. Authorizes the Tennessee Local Development Authority (TLDA) to collect delinquent sewer charges and interest. Authorizes the TLDA to collect no more than 12 months of unpaid sewer charges from a current owner for unpaid sewer charges of a former owner or tenant. Authorizes sewer authorities to inspect all private service laterals within a service area and shut off water and sewer services if access to inspection is denied.

Exempts board members of a sewer authority created under the Water and Wastewater Treatment Authority Act from the education requirements. Requires commissioners to receive compensation of no more than \$1,000 per month for board members and \$1,500 per month for the board chairman.

Requires customers and potential customers to file claims with the local sewer authority's administrative procedures within six months of the date the claim accrues. Authorizes the customer to appeal within 30 days of the local sewer authority's final decision to the chancery court in the applicable county. Declares that no class action lawsuit shall be authorized or permitted. Authorizes penalty and fines to customers who violate waste water and treatment authority regulations not to exceed five times the authority's cost incurred by the utility. Requires that if any provision of the act is held invalid, then the invalidity will not affect other provisions or applications that can be given effect without the invalid provision or application.

ESTIMATED FISCAL IMPACT:

Increase Local Revenue – Exceeds \$25,000/Permissive

Increase Local Expenditures - \$66,000/Mandatory*
Exceeds \$10,000/Permissive

Assumptions:

- Four commissioners and a chairman serve on Water and Waste Water Treatment Authority Boards.
- According to the Tennessee Association of Utility Districts (TAUD), this bill would increase local government expenditures.

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- Given the bill requires board members to be paid up to \$1,000 per month, and a chairman up to \$1,500 per month, the impact associated with paying such board members is considered a mandatory expense.
- At least one board of commissioners will begin to pay board members as a result of this bill; under current law such members are presumed to receive no compensation other than expense reimbursements pursuant to Tenn. Code Ann. § 68-221-605(e)(4).
- The mandatory and recurring increase in local expenditures is estimated to be \$66,000 [(4 commissioners x \$1,000 x 12 months) + (1 chairman x \$1,500 x 12 months)].
- The extent of additional revenue that will be realized by local utilities as a result of this bill is unknown and based on the future success rates of local utilities collecting delinquent amounts owed and the extent to which penalties and fines are assessed and collected. Given these unknowns, determining a precise estimate for local revenue as a result of the bill is difficult. However, the permissive recurring increase in local revenue is reasonably estimated to exceed \$25,000 per year statewide.
- In addition, local utilities will incur additional costs for collections of delinquent accounts. These costs are unknown, permissive, and dependent upon the extent of efforts made by any local utility to capture delinquent amounts owed. However, the permissive recurring increase in local expenditures is reasonably estimated to exceed \$10,000 per year statewide.

IMPACT TO COMMERCE:

Increase Business Expenditures – Exceeds \$5,000

Assumption:

- Twenty percent of delinquent amounts collected are presumed to come from delinquent business accounts. As a result, the recurring increase in business expenditures is estimated to exceed \$5,000 (\$25,000 of delinquent collections x 20%). These expenses are considered to be current liabilities for the applicable businesses for which they are assumed to pay only as a result of the bill.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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